

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-03 PA-03 PRS-01 USIA-15 INT-08 SCEM-02

SCI-06 DRC-01 SAJ-01 /169 W
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R 120830Z OCT 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 7441

INFO AMEMBASSY TAIPEI

AMCONSUL HONG KONG

USLO PEKING

C O N F I D E N T I A L SECTION 1 OF 2 TOKYO 13258

E.O. 11652: GDS

TAGS: ETRD, PFOR, JA, CH

SUBJECT: CHINESE ECONOMIC MISSION CONCLUDES VISIT TO JAPAN

SUMMARY: 33 MEMBER CHINESE ECONOMIC MISSION HEADED BY LIU HSI-WEN CONCLUDED MONTH LONG VISIT TO JAPAN ON OCTOBER 10. ACCORDING SOURCE IN JAPAN-CHINA ECONOMIC ASSOCIATION, LIU DISCUSSED OIL EXPORTS ON SEVERAL OCCASIONS, APPARENTLY WELCOMING JAPANESE PARTICIPATION IN EXTENSION OF CHINESE OIL PIPELINE, BUT NOT PROMISING INCREASED OIL EXPORTS TO JAPAN. MISSION EXPRESSED NO OBJECTION TO JAPAN-ROC TRADE AS LONG JAPANESE FIRMS TOOK NO ACTION THAT WOULD IMPLY RECOGNITION OF ROC AS SEPARATE GOVERNMENT. LIU ALSO APPARENTLY SOUGHT TO CONVINCE JAPANESE TO MAINTAIN LARGE YUAN BALANCES IN BANK OF CHINA RATHER THAN EXCHANGING YUAN FOR CONVERTIBLE CURRENCIES. END SUMMARY.

1. 33-MAN CHINESE ECONOMIC MISSION HEADED BY LIU HSI-WEN, REPRESENTATIVE OF THE CHINA COMMITTEE FOR THE PROMOTION
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OF INTERNATIONAL TRADE, LEFT JAPAN ON OCTOBER 10 AFTER

ONE MONTH VISIT. EMBOFF CALLED ON SHUJIRO TANAKA OF JAPAN CHINA ECONOMIC ASSOCIATION OCTOBER 11 TO DISCUSS RESULTS OF VISIT AND OVERALL IMPRESSIONS LEFT BY GROUP IN JAPAN. (TANAKA SAID HE ACCOMPANIED LIU GROUP ON ABOUT HALF OF CALLS IN JAPAN).

2. TANAKA SAID PRIMARY AIM OF MISSION WAS TO LISTEN AND LEARN IN JAPAN AND THAT GROUP HAD HAD AMPLE OPPORTUNITY TO DO THIS. EACH DAY OF VISIT FILLED WITH PLANT TOURS, MEETINGS WITH BUSINESS LEADERS, CALLS ON NATIONAL AND LOCAL GOVERNMENT OFFICIALS, AND PRESS CONFERENCES DURING TRAVELS WHICH COVERED 20 OF JAPAN'S 46 PREFECTURES. IN COURSE OF VISIT, TANAKA SAID LIU WAS DELUGED WITH PROPOSALS FROM JAPANESE BUSINESS FOR VARIOUS TYPES OF PROJECTS AND CONTRACTS. TO ALL OF THESE, LIU HAD REPLIED THAT HE WOULD TAKE THEM BACK TO CHINA AND WOULD REFER THEM TO THE PROPER OFFICIALS FOR CAREFUL CONSIDERATION.

3. ACCORDING TANAKA, LIU LEFT WITH IMPRESSION OF JAPANESE AS HARD WORKING AND INTELLIGENT PEOPLE AND OFTEN REMARKED DURING VISIT HOW FAR JAPANESE ECONOMY HAD PROGRESSED. LIU ALSO IMPRESSED WITH OPENNESS OF JAPANESE IN SHOWING PLANTS, AS COMPARED WITH RETICENCE OF JAPANESE IDIOT TO NORMALIZATION. (PRESS REPORTED HOWEVER THAT JAPANESE CAMERA MAKERS DECLINED TO OFFER PLANT TOUR TO MISSION, APPARENTLY FEARING CHINESE COMPETITION IN THIS AREA).

4. THOUGH IT NOT PRIMARY OBJECTIVE OF LIU MISSION, TANAKA SAID THAT CERTAINLY INDIRECT PURPOSE OF VISIT WAS TO STUDY WHICH TYPES OF JAPANESE PLANTS CHINA MIGHT WISH TO PURCHASE IN FUTURE. TANAKA NOTED THAT QTE FIRST ROUND UNQTE OF WHOLE PLANT EXPORT CONTRACTS WHICH FEATURED SALES OF PETROCHEMICAL PLANTS AND IMPENDING SALE OF STEEL MILL COMPLEX WAS NEARLY COMPLETE. SECOND PHASE, WHICH WOULD INCLUDE SALE OF AUTOMOBILE MANUFACTURING FACILITIES AND SHIPYARDS, SOMEWHAT FAR AWAY AT THIS POINT.

5. TANAKA ALSO HAD FOLLOWING COMMENTS ON SPECIFIC
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SUBJECTS DISCUSSED BY LIU MISSION:

A) OIL. MISSION HAD NOTED ON SEVERAL OCCASIONS THAT WHILE CHINESE OIL PRODUCTION WAS GROWING, SO WAS DOMESTIC CHINESE DEMAND. THUS, INCREASING CHINESE EXPORTS OF OIL TO JAPAN WERE UNLIKELY, BUT CHINA WOULD NOT REDUCE QUANTITY OF OIL BELOW EXPECTED 1973 LEVEL OF 1 MILLION TONS. HOWEVER, LIU INVITED OFFICIALS OF

KOKUSAI OIL CO. (WHICH SPECIFICALLY FORMED TO HANDLE CHINESE OIL IMPORTS) TO COME TO PRC IN NEAR FUTURE TO DISCUSS 1974 QUANTITIES IN SPECIFIC TERMS. IN REPLY TO JAPANESE QUESTIONS ABOUT TRANSPORTATION OF OIL WITHIN PRC, LIU SAID OIL PIPELINE HAD BEEN BUILT FROM TACHING FIELDS AS FAR AS PUSHAN (PHON.) AND PIPELINE WOULD BE EXTENDED TO QTE A PORT UNQTE. GROUP HAD DISCUSSED WITH MITSUI COOPERATION IN PIPELINE EXTENSION. TANAKA SAID HE NOT AWARE OF ANY CONCRETE DISCUSSIONS OF JAPANESE COOPERATION IN DEVELOPMENT OF POHAI BAY OIL RESERVES. (IN THIS CONNECTION, PRESS REPORTS CLAIM THAT JAPAN PETROLEUM DEVELOPMENT CORP. PRES. SHIMADA PROMISED LIU THAT HE WOULD GIVE CHINESE TECHNOLOGY USED TO BUILD SEMI-SUBMERSIBLE DRILLING SHIP HAKURYU NO. 2 WHICH COULD BE USED IN SHALLOW WATERS SUCH AS THOSE OF POHAI BAY. MITI SOURCE HOWEVER STRESSED THAT ONLY TECHNOLOGY AND NOT VESSEL WOULD BE GIVEN TO PRC, SINCE JAPAN NEEDED ALL OF THESE VESSELS THAT IT COULD BUILD IN EXPLORING ITS OWN CONTINENTAL SHELF.) IN BRIEF ASIDE, TANAKA NOTED WIDESPREAD CONCERN IN JAPANESE BUSINESS COMMUNITY THAT US WAS AHEAD OF JAPANESE IN DISCUSSIONS OF COOPERATION WITH PRC IN DEVELOPMENT OF POHAI OIL.

B) JAPANESE MISSIONS TO PRC. LIU AND MISSION MEMBERS ENCOURAGED JAPANESE FIRMS TO VISIT PRC. TANAKA SAID HE HAD HEARD LIU SAY ON SEVERAL OCCASIONS QTE YOU HAVEN'T BEEN TO CHINA YET HEAVE YOU? UNQTE. AT LEAST THREE JAPANESE BUSINESS GROUPS, MITSUI, MITSUBISHI, AND FURUKAWA (WHICH INCLUDES FUJITSU ELECTRONICS) WILL SEND MISSIONS TO PRC IN RESPONSE TO CHINESE INVITATIONS.

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ACTION EA-14

INFO OCT-01 ISO-00 SPC-03 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-03 PA-03 PRS-01 USIA-15 INT-08 SCHEM-02

SCI-06 SAJ-01 DRC-01 /169 W

----- 084608

R 120830Z OCT 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 7442

INFO AMEMBASSY TAIPEI

AMCONSUL HONG KONG

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C O N F I D E N T I A L SECTION 2 OF 2 TOKYO 13258

C) TAIWAN. LIU TOOK LINE THAT CHOU EN-LAI FOUR PRINCIPLES HAD BEEN SUPERCEDED BY TANAK-CHOU EN-LAI COMMUNIQUE. CHINA HAD NO OBJECTION TO ORDINARY BUSINESS TIES WITH TAIWAN, AS LONG AS JAPANESE FIRMS TOOK NO ACTION THAT WOULD IMPLY RECOGNITION OF ROC AS SEPARATE GOVERNMENT. TANAKA NOTED THAT TOYATA HAD MADE THIS MISTAKE (TOKYO 11490) BUT LIU HAD NOTED THAT TOYATA HAD QTE LEARNED ITS LESSON UNQTE.

D) BALANCE OF TRADE. LIU HAD DISCUSSED INCREASING CHINESE EXPORTS TO JAPAN OF FOOD AND MARINE PRODUCTS, AND IN THIS CONNECTION HAD WELCOMED MITSUI PROPOSAL TO PROVIDE TECHNICAL ASSISTANCE IN INCREASING CHINESE SOYBEAN OUTPUT. THERE HAD ALSO BEEN SOME DISCUSSION OF BEGINNING COKING COAL EXPORTS TO JAPAN IN 1975. WHILE CHINESE STILL DID NOT SEEK ANY TYPE OF FINANCING THAT IMPLIED ECONOMIC ASSISTANCE, LIU DID IMPLY THAT PRC WOULD WELCOME JAPANESE AGREEMENT TO MAINTAIN SIGNIFICANT TIME DEPOSITS IN YUAN IN BANK OF CHINA. CONFIDENTIAL

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(SOURCE IN DAI ICHI-KANGYO BANK ALSO TOLD EMBOFF THAT MEMBER OF LIU MISSION HAD PRESSED HIS BANK NOT TO CONVERT YUAN INTO HARD CURRENCY, BUT TO MAINTAIN LARGE YUAN BALANCES IN BANK OF CHINA).

6. SOURCE IN CHINA DIVISION OF FONOFF OBSERVED TO EMBOFF THAT LIU HAD CALLED ON SEVERAL GOJ OFFICIALS, INCLUDING FONMIN OHIRA AND MITI MIN NAKASONE DURING VISIT, BUT AS FAR AS HE AWARE THESE HAD BEEN BASICALLY COURTESY CALLS WITH NOTHING NOTABLE ACCOMPLISHED IN FURTHERING PROGRESS TOWARD ECONOMIC AGREEMENTS BETWEEN TWO COUNTRIES.

7. COMMENT: UNDOUBTEDLY ONE OF PURPOSES OF LIU VISIT, BEYOND THOSE MENTIONED ABOVE, WAS TO KEEP JAPANESE INTEREST IN DOING BUSINESS WITH CHINA AT VERY HIGH LEVEL, PARTICULARLY DURING TANAKA'S VISIT TO MOSCOW.

CONSIDERABLE PRESS ATTENTION GENERATED DURING VISIT,
AND CALLS ON MANY RIVAL TRADING GROUPS WOULD CERTAINLY
SEEM TO INDICATE SUCCESS IN FULFILLING THIS
OBJECTIVE.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, TRADE, RECOGNITION, TRADE VISITS, EXPORT CONTROLS, FINANCIAL TRANSACTIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 12 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973TOKYO13258
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS INGERSOLL
Errors: N/A
Film Number: n/a
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731035/aaaaazgm.tel
Line Count: 228
Locator: TEXT ON-LINE
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 28 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <28-Aug-2001 by boyleja>; APPROVED <18-Dec-2001 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CHINESE ECONOMIC MISSION CONCLUDES VISIT TO JAPAN SUMMARY: 33 MEMBER CHINESE ECONOMIC MISSION HEADED BY LIU
TAGS: ETRD, PFOR, JA, CH, TW, (LIU HSI-WEN)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005